

## Message Text

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60

ORIGIN XMB-04

INFO OCT-01 EA-09 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /075 R

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XMB:JRWILLIAMS

NEA/ARP:COCECIL(INFO)

EA/K PMAYHEW (INFO)

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P 112337Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

INFO AMEMBASSY JIDDA PRIORITY PRIORITY

UNCLAS STATE 059851

E.O. 11652: N/A

TAGS: BPRO

SUBJECT: FCIA CREDIT INSURANCE REQUEST TO COVER SALE OF CONSTRUCTION EQUIPMENT TOTALING \$14.4 MILLION TO KUK DONG CONSTRUCTION CO. LTD., AND KEUM KANG INDUSTRIAL CO. LTD.

REF: SEOUL 1592; STATE 033993

1. EXIMBANK WOULD APPRECIATE IF EMBASSY COULD PROVIDE BACKGROUND INFORMATION ON THE KOREAN OVERSEAS CONTRACTING CORP. (KOCC). IS KOCC ASSOCIATED WITH THE GOVERNMENT OF KOREA, IF SO TO WHAT EXTENT?

2. FINANCIAL STATEMENTS ON KUK DONG AND KEUM KANG INDICATE THAT BOTH FIRMS HAVE A MARGINAL LIQUIDITY POSITION AND APPEAR TO BE HIGHLY LEVERAGED. IS THIS CONDITION COMMON OF MANY CONSTRUCTION FIRMS IN KOREA? IN LIGHT OF THESE FACTORS DOES EMBASSY THINK THAT BOTH FIRMS ARE CAPABLE OF UNDERTAKING LARGE PROJECTS IN SAUDI ARABIA. IN ADDITION, EXIMBANK WOULD APPRECIATE IF EMBASSY COULD ASSESS TO WHAT

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EXTENT EXIMBANK MIGHT BE ASKED TO ASSIST ANY OTHER SUCH SIMILAR RE-

QUESTS FOR THE ABOVE REFERENCED BUYERS AND OR ANY OTHER CONSTRUCTION  
FIRMS DOING BUSINESS IN SAUDI ARABIA.

3. IT IS REPORTED BY BANKING SOURCES THAT KEUM KANG INDUSTRIAL  
CO. LTD., ENJOYED PROFITABLE OPERATIONS FOR THE PAST SEVERAL  
YEARS, BUT HAS RECENTLY FACED SOME FINANCIAL DIFFICULTIES.  
COULD EMBASSY SHEED SOME LIGHT ON THIS. EXIMBANK IS AWARE OF  
WTDR DATED 11/75.  
INGERSOLL

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